



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1025/3 4
RAC:sac:cs

Smoking Surcharge

Please change request sheet

DOA:.....Waterman, BB0349 - ~~Wellness Assessments Required~~ for State
Employee Health Insurance Coverage

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT *do not give*; relating to: the budget.

provides

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

State employees currently receive health care coverage under plans offered by the Group Insurance Board. This bill ~~requires~~ that, ~~initially~~, beginning in 2014, ~~each state employee and retired state employee who receives health care coverage must, no later than April 1, complete a health risk assessment. The board must determine the components of the assessment and must encourage state employees and retired state employees who may have health risks to participate in wellness or disease management programs. Under the bill, a state employee or retired state employee who does not complete a health risk assessment on or before April 1 must have his or her health insurance coverage terminated and may not be eligible to receive health insurance coverage until he or she completes a health risk assessment.~~

The bill also authorizes the Group Insurance Board ~~to~~ ^{may} impose a premium surcharge for health care coverage for state employees and retired state employees who smoke tobacco products and ~~to~~ ^{may} terminate the health care coverage of any eligible employee who falsely claims that he or she does not smoke tobacco products.

may

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 40.51 (6) of the statutes is renumbered 40.51 (6) (a) and amended
2 to read:

3 40.51 (6) (a) ~~This Subject to par. (b), the~~ state shall offer to all of its employees
4 at least 2 insured or uninsured health care coverage plans providing substantially
5 equivalent hospital and medical benefits, including a health maintenance
6 organization or a preferred provider plan, if those health care plans are determined
7 by the group insurance board to be available in the area of the place of employment
8 and are approved by the group insurance board. The group insurance board shall
9 place each of the plans into one of 3 tiers established in accordance with standards
10 adopted by the group insurance board. The tiers shall be separated according to the
11 employee's share of premium costs.

12 **SECTION 2.** 40.51 (6) (b) of the statutes is created to read:

13 40.51 (6) (b) Annually, beginning in 2014, on or before April 1, each eligible
14 employee who receives health care coverage under par. (a) shall complete a health
15 risk assessment. The group insurance board shall determine the components of the
16 assessment and shall encourage eligible employees who may have health risks to
17 participate in wellness or disease management programs. An eligible employee who
18 does not complete a health risk assessment on or before April 1 shall have his or her
19 health insurance coverage terminated and may not be eligible to receive health
20 insurance coverage under par. (a) until he or she completes a health risk assessment.

21 **SECTION 3.** ~~40.51 (6) (c)~~ of the statutes is created to read:

40.03(6)(cm)

1 ~~40.51 (6) (e)~~ ^{40.03 (6) (CM)} Notwithstanding ss. 111.321, 111.322, and 111.35, beginning in
2 2014, the group insurance board may impose a premium surcharge for health care
3 coverage under ~~par. (a)~~ ^{s. 40.51 (6)} for eligible employees who smoke tobacco products and may
4 terminate the health care coverage of any eligible employee who falsely claims that
5 he or she does not smoke tobacco products.

6 **SECTION 9112. Nonstatutory provisions; Employee Trust Funds.**

7 (1) HEALTH RISK ASSESSMENTS. For purposes of determining whether an eligible
8 employee has completed a health risk assessment in 2014, as required under section
9 40.51 (6) (b) of the statutes, as created by this act, the group insurance board shall
10 consider an eligible employee's completion in 2013 of any test or procedure that
11 would be considered a component of a health risk assessment to apply to the
12 requirement for 2014.

13 (END)

Champagne, Rick

From: Waterman, Mickie D - DOA <Mickie.Waterman@wisconsin.gov>
Sent: Thursday, January 31, 2013 9:41 AM
To: Champagne, Rick
Cc: Kraus, Jennifer - DOA
Subject: FW: Smoking surcharge for State Employee Health Insurance Coverage

Hi Rick,

We have a couple of small tweaks for the below draft.

Under 40.03 (6) (cm) please change to "the group insurance board **shall** impose" (rather than may). Also change "smoke tobacco products" to "**use** tobacco products."

Thanks,
Mickie

From: Scott.Thornton@Wisconsin.Gov [mailto:Scott.Thornton@Wisconsin.Gov]
Sent: Wednesday, January 30, 2013 4:50 PM
To: Waterman, Mickie D - DOA
Cc: Thornton, Scott - DOA; Kraus, Jennifer - DOA
Subject: Smoking surcharge for State Employee Health Insurance Coverage

We have received an LRB draft for DOA Tracking Code: BB0349

LRB Draft Number: 1025/4

Drafting Attorney: Richard A. Champagne
Phone: (608) 266-9930
E-mail: rick.champagne@legis.wisconsin.gov

The [document](#) can be found in the Stat Language site on SharePoint.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1025/4

RAC:sac:jf

DOA:.....Waterman, BB0349 - Smoking surcharge for State Employee
Health Insurance Coverage

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

1

AN ACT ^{do not gen} relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

State employees currently receive health care coverage under plans offered by the Group Insurance Board. This bill provides that, beginning in 2014, the Group Insurance Board ~~may~~ impose a premium surcharge for health care coverage for state employees and retired state employees who ~~smoke~~ tobacco products and may terminate the health care coverage of any eligible employee who falsely claims that he or she does not ~~smoke~~ tobacco products.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2

SECTION 1. 40.03 (6) (cm) of the statutes is created to read:

3

40.03 (6) (cm) Notwithstanding ss. 111.321, 111.322, and 111.35, beginning in

4

2014, the group insurance board ~~may~~ impose a premium surcharge for health care

shall

use

1 coverage under s. 40.51 (6) for eligible employees who ~~smoke~~ tobacco products and
2 may terminate the health care coverage of any eligible employee who falsely claims
3 that he or she does not ~~smoke~~ tobacco products.

use

(END)

Champagne, Rick

From: Kraus, Jennifer - DOA <jennifer.kraus@wisconsin.gov>
Sent: Wednesday, February 06, 2013 11:35 AM
To: Champagne, Rick
Cc: Waterman, Mickie D - DOA
Subject: Feedback on two drafts

Importance: High

1025/5 – smoker surcharge – pls add \$50/ month for CY14 and CY15 in nonstat.

0311/5 – GIB cost neutrality – pls add "...maintain or reduce". We also still want to be able to offer optional insurance coverage where the employee pays the whole premium – should we add this language back in?

Thanks - Jenny



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1025/5
RAC:sac:jf

DOA:.....Waterman, BB0349 - Smoking surcharge for State Employee
Health Insurance Coverage

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

Don't Gen

per

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

State employees currently receive health care coverage under plans offered by the Group Insurance Board. This bill provides that, beginning in 2014, the Group Insurance Board shall impose a premium surcharge for health care coverage for state employees and retired state employees who use tobacco products and may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products. ↑

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 40.03 (6) (cm) of the statutes is created to read:
3 40.03 (6) (cm) Notwithstanding ss. 111.321, 111.322, and 111.35, beginning in
4 2014, the group insurance board shall impose a premium surcharge for health care

Insert
Analysis

- 1 coverage under s. 40.51 (6) for eligible employees who use tobacco products and may
2 terminate the health care coverage of any eligible employee who falsely claims that
3 he or she does not use tobacco products.

4

(END)

Trans 2-4

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1025/6ins
RAC:sac:jf

Insert Analysis:

no ~~ff~~ During 2014 and 2015, the surcharge is \$50 a month.
Insert 2-4:

SECTION 9112. Nonstatutory provisions; Employee Trust Funds.

X (1) SURCHARGE FOR HEALTH INSURANCE FOR USE OF TOBACCO PRODUCTS. During
2014 and 2015, the group insurance board, under section 40.03 (6) ^{✓ (cm)} of the statutes,
as created by this act, shall impose a premium surcharge of \$50 a month for health
care coverage under section 40.51 (6) [✓] of the statutes for eligible employees, as defined
in section 40.02 (25) [✓] of the statutes, who use tobacco products.

Champagne, Rick

From: Waterman, Mickie D - DOA <Mickie.Waterman@wisconsin.gov>
Sent: Thursday, February 07, 2013 9:23 AM
To: Champagne, Rick
Subject: RE: Stat Lang Drafts 0459/4 and 1025/6

Thanks! I really appreciate all of the last minute redrafts!

From: Champagne, Rick [<mailto:Rick.Champagne@legis.wisconsin.gov>]
Sent: Thursday, February 07, 2013 9:21 AM
To: Waterman, Mickie D - DOA
Cc: Kraus, Jennifer - DOA
Subject: RE: Stat Lang Drafts 0459/4 and 1025/6

Hi Mickie,

- 1) When we compile the drafts into the budget bill and radically shorten the analyses of all of the drafts, I will probably not include any definition of "craft employee" at all in the budget bill analysis. So we are OK here.
- 2) You are correct. There is no surcharge for use of tobacco products for the high-deductible plans. I will cover that in a redraft of 1025, both in the nonstat and in s. 40.03 (6) (cm).

Rick

From: Waterman, Mickie D - DOA [<mailto:Mickie.Waterman@wisconsin.gov>]
Sent: Thursday, February 07, 2013 9:06 AM
To: Champagne, Rick
Cc: Kraus, Jennifer - DOA
Subject: Stat Lang Drafts 0459/4 and 1025/6

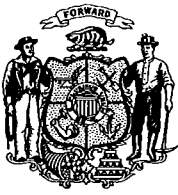
Hi Rick,

We've received some additional feedback from OSER about a couple of our drafts. Will you take a look and see what you think? Here are their questions/comments:

- 1) 0459/4: Do you think the definition of craft employee in the LRB Analysis needs to be changed to reflect the change to the definition made in s. 40.05(4)(ah)3?
- 2) 1025/6: The nonstatutory language for the surcharge says it shall be imposed "for health care coverage under section 40.51(6)." After the various changes to these drafts, I don't the high-deductible plans are mentioned in 40.51(6). Assuming the surcharge will also apply to employees taking the high-deductible plans, wouldn't "for health care coverage under sections 40.51(6) and 40.515" be more accurate?

Thank you,
Mickie

Mickie Waterman
Executive Policy and Budget Analyst
Wisconsin Department of Administration
(608) 266-3382



D-Not
State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1025/6
RAC: ~~11/11/11~~ph

7
sac/kjf *LD*

DOA:.....Waterman, BB0349 - Smoking surcharge for State Employee
Health Insurance Coverage

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

pkf

x

do not gen

1

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

State employees currently receive health care coverage under plans offered by the Group Insurance Board. This bill provides that, beginning in 2014, the Group Insurance Board shall impose a premium surcharge for health care coverage for state employees and retired state employees who use tobacco products and may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products. During 2014 and 2015, the surcharge is \$50 a month.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2

SECTION 1. 40.03 (6) (cm) of the statutes is created to read:

3

40.03 (6) (cm) Notwithstanding ss. 111.321, 111.322, and 111.35, beginning in

4

2014, the group insurance board shall impose a premium surcharge for health care

coverage under ^{g ss.} ~~§. 40.51~~ ^{and 40.515} (6) for eligible employees who use tobacco products and may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products.

SECTION 9112. Nonstatutory provisions; Employee Trust Funds.

(1) SURCHARGE FOR HEALTH INSURANCE FOR USE OF TOBACCO PRODUCTS. During 2014 and 2015, the group insurance board, under section 40.03 (6) (cm) of the statutes, as created by this act, shall impose a premium surcharge of \$50 a month for health care coverage under section ^s ~~40.51~~ ^{and 40.515} (6) of the statutes for eligible employees, as defined in section 40.02 (25) of the statutes, who use tobacco products.

(END)

d-note
↓

✓
as affected by this
act,

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

D-Note

¶ This version assumes that LRB-1024
is included in the budget bill. ✓

TRAC

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1025/7dn
RAC:sac/kjf/jld:ph

February 7, 2013

This version assumes that LRB-1024 is included in the budget bill.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.wisconsin.gov

Champagne, Rick

From: Kraus, Jennifer - DOA <jennifer.kraus@wisconsin.gov>
Sent: Monday, February 11, 2013 3:19 PM
To: Champagne, Rick
Cc: Waterman, Mickie D - DOA
Subject: RE:

Hi can you add something about OSER taking the surcharge into consideration when setting the employer/employee split?

Other than that – we are verifying that they want this to apply to annuitants...

Jenny

From: Champagne, Rick [<mailto:Rick.Champagne@legis.wisconsin.gov>]
Sent: Monday, February 11, 2013 8:47 AM
To: Kraus, Jennifer - DOA
Subject:

All good on smoker's surcharge?



D-Note
State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1025/78
RAC:sac/kjf/jld:ph

RMR

DOA:.....Waterman, BB0349 - Smoking surcharge for State Employee
Health Insurance Coverage

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

4

1

do not gen
AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

State employees currently receive health care coverage under plans offered by the Group Insurance Board. This bill provides that, beginning in 2014, the Group Insurance Board shall impose a premium surcharge for health care coverage for state employees and retired state employees who use tobacco products and may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products. During 2014 and 2015, the surcharge is \$50 a month.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2

SECTION 1. 40.03 (6) (cm) of the statutes is created to read:

3

40.03 (6) (cm) Notwithstanding ss. 111.321, 111.322, and 111.35, beginning in

4

2014, the group insurance board shall impose a premium surcharge for health care

SECTION 1

1 coverage under ss. 40.51 (6) and 40.515 for eligible employees who use tobacco
2 products and may terminate the health care coverage of any eligible employee who
3 falsely claims that he or she does not use tobacco products.

4 **SECTION 9112. Nonstatutory provisions; Employee Trust Funds.**

5 (1) SURCHARGE FOR HEALTH INSURANCE FOR USE OF TOBACCO PRODUCTS. During
6 2014 and 2015, the group insurance board, under section 40.03 (6) (cm) of the
7 statutes, as created by this act, shall impose a premium surcharge of \$50 a month
8 for health care coverage under sections 40.51 (6) and 40.515 of the statutes, as
9 affected by this act, for eligible employees, as defined in section 40.02 (25) of the
10 statutes, who use tobacco products.

11 (END)

✓
Insert
2-4

d-note
↓

**2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1025/8ins
RAC:sac/kjf/jld:ph

Insert 2-4

✓
SECTION 1. 40.05 (4) (ah) 5. of the statutes is created to read:

40.05 (4) (ah) 5. For purposes of establishing the amount that employees are required to pay for health insurance premiums, ✓ the director shall consider the amount of premium surcharges that employees are required to pay under s. 40.03 (6) (cm). ✓

(end insert)

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1025/7dm
RAC:sac/kjf/jld:ph

SDN

February 7, 2018 3 new date

LRB-0459/5[✓] and

This version assumes that LRB-1024 ^{are} included in the budget bill. ✓

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1025/8dn
RAC:sac/kjf/jld:rs

February 11, 2013

This version assumes that LRB-0459/5 and LRB-1024 are included in the budget bill.

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.wisconsin.gov



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1025/8

RAC:sac/kjf/jld:rs

stay RMR

DOA:.....Waterman, BB0349 - Smoking surcharge for State Employee
Health Insurance Coverage

FOR 2013-2015 BUDGET — NOT READY FOR INTRODUCTION

Insert Analysis

Don't Gen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

X State employees currently receive health care coverage under plans offered by the Group Insurance Board. This bill provides that, beginning in 2014, the Group Insurance Board shall impose a premium surcharge for health care coverage for state employees and retired state employees who use tobacco products and may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products. During 2014 and 2015, the surcharge is \$50 a month.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 40.03 (6) (cm) of the statutes is created to read:

3 40.03 (6) (cm) ^{1.} Notwithstanding ss. 111.321, 111.322, and 111.35, beginning in

4 2014, the group insurance board shall impose a premium surcharge for health care

1 coverage under ss. 40.51 (6) and 40.515 for eligible employees who use tobacco
2 products and may terminate the health care coverage of any eligible employee who
3 falsely claims that he or she does not use tobacco products.

4 **SECTION 2.** 40.05 (4) (ah) 5. of the statutes is created to read:

5 40.05 (4) (ah) 5. For purposes of establishing the amount that employees are
6 required to pay for health insurance premiums, the director shall consider the
7 amount of premium surcharges that employees are required to pay under s. 40.03 (6)
8 (cm).^{1.}

9 **SECTION 9112. Nonstatutory provisions; Employee Trust Funds.**

10 (1) SURCHARGE FOR HEALTH INSURANCE FOR USE OF TOBACCO PRODUCTS. During
11 2014 and 2015, the group insurance board, under section 40.03 (6) (cm) of the
12 statutes, as created by this act, shall impose a premium surcharge of \$50 a month
13 for health care coverage under sections 40.51 (6) and 40.515 of the statutes, as
14 affected by this act, for eligible employees, as defined in section 40.02 (25) of the
15 statutes, who use tobacco products.

16 (END)

**2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1025/9ins
RAC:sac/kjf/jld:rs

Insert Analysis:

no \$ The bill further provides that the premium surcharges paid by annuitants who use tobacco products are be used to reduce future health care coverage premiums for annuitants and to reimburse DETF for costs incurred by DETF in providing health care coverage to annuitants.

Insert 2-4:

2. The premium surcharges paid by annuitants who use tobacco products shall be used to reduce future health care coverage premiums for annuitants and to reimburse the department for costs incurred by the department in providing health care coverage to annuitants. Annually, the secretary of administration shall determine the surcharge amounts that are to be used to reimburse the department for costs incurred by the department in providing health care coverage to annuitants and shall transfer that amount to the appropriation account under s. 20.515 (1) (w).



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1025/9
RAC:sac/kjf/jld:rs

DOA:.....Waterman, BB0349 - Smoking surcharge for State Employee
Health Insurance Coverage

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

RETIREMENT AND GROUP INSURANCE

State employees currently receive health care coverage under plans offered by the Group Insurance Board. This bill provides that, beginning in 2014, the Group Insurance Board shall impose a premium surcharge for health care coverage for state employees and retired state employees who use tobacco products and may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products. During 2014 and 2015, the surcharge is \$50 a month. The bill further provides that the premium surcharges paid by annuitants who use tobacco products are be used to reduce future health care coverage premiums for annuitants and to reimburse DETF for costs incurred by DETF in providing health care coverage to annuitants.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 **SECTION 1.** 40.03 (6) (cm) of the statutes is created to read:

40.03 (6) (cm) 1. Notwithstanding ss. 111.321, 111.322, and 111.35, beginning in 2014, the group insurance board shall impose a premium surcharge for health care coverage under ss. 40.51 (6) and 40.515 for eligible employees who use tobacco products and may terminate the health care coverage of any eligible employee who falsely claims that he or she does not use tobacco products.

2. The premium surcharges paid by annuitants who use tobacco products shall be used to reduce future health care coverage premiums for annuitants and to reimburse the department for costs incurred by the department in providing health care coverage to annuitants. Annually, the secretary of administration shall determine the surcharge amounts that are to be used to reimburse the department for costs incurred by the department in providing health care coverage to annuitants and shall transfer that amount to the appropriation account under s. 20.515 (1) (w).

SECTION 2. 40.05 (4) (ah) 5. of the statutes is created to read:

40.05 (4) (ah) 5. For purposes of establishing the amount that employees are required to pay for health insurance premiums, the director shall consider the amount of premium surcharges that employees are required to pay under s. 40.03 (6) (cm) 1.

SECTION 9112. Nonstatutory provisions; Employee Trust Funds.

(1) SURCHARGE FOR HEALTH INSURANCE FOR USE OF TOBACCO PRODUCTS. During 2014 and 2015, the group insurance board, under section 40.03 (6) (cm) of the statutes, as created by this act, shall impose a premium surcharge of \$50 a month for health care coverage under sections 40.51 (6) and 40.515 of the statutes, as affected by this act, for eligible employees, as defined in section 40.02 (25) of the statutes, who use tobacco products.

(END)